MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2015/2016

DFA5018 – FINANCIAL ACCOUNTING 1

(For Diploma Students Only)

10th MARCH 2016
9:00am – 12:00noon
(3 Hours)

INSTRUCTIONS TO STUDENTS

1. This Question paper consists of SIX (6) pages only excluding the cover page.
2. There are **FOUR (4)** questions.
3. Answer **ALL** questions in the answer booklet provided.

QUESTION 1

PART A

The Financial Reporting Standards in Malaysia under FRS 101 – Presentation of Financial Statement discloses underlying principles required by the organization to adhere in preparing Financial Statements.

Instruction:

Identify the FIVE (5) underlying principles in accordance with the Financial Reporting Standard (FRS101) – Presentation of Financial Statement. (5 Marks)

PART B

Mila, who owns a luxury spa boutique called Serenity Spa, is in the midst of preparing her monthly financial report. Below transactions occurred by the company for the month of November 2015.

Nov 1	Purchased RM2,000 of boutique Supplies on account.
5	Brought in a new facial equipment costs RM6,500 by paying RM2,000 in cash and signed a 30-day, RM4,500, Note Payable.
8	Received cash RM 2,500 from a customer for a Bridal Spa Service.
10	Paid RM1,000 in cash for the monthly boutique rent.
12	Paid off the boutique supplies purchased on 1 November by cash.
13	Received a bill RM800 from the Daily Advert for the advertising service.
15	Paid RM500 in cash for utility expense.
17	Provided at-home spa service to a personal customer amounted RM3,200 of which RM1,500 was made on cash and the remainder on account.
20	Mila withdraw RM1,000 from the business for personal use.
25	Paid the employees' salaries and wages RM1,500 on account.
28	Received cash RM1,700 from the personal customer for the settlement of payment on account dated 17 November.

Instructions:

(a) Journalize the above transactions. You may omit explanations. (12 Marks)

(b) Prepare the T-accounts for Cash and Accounts Payable. Assumed normal balances for Cash and Accounts Payable; RM11,000 and RM1,500 respectively. (8 Marks)

(TOTAL 25 MARKS)

Continued.....

QUESTION 2

PART A

Time period assumption	Accrued revenues
Fiscal year	Depreciation
Revenue recognition principle	Accumulated depreciation
Prepaid expenses	Accrued expenses
Expense recognition principle	Book value

Instruction:

Match each statement below with the appropriate terms provided above.

1. A twelve months accounting period.
2. Expenses paid before they are incurred.
3. Cost less accumulated depreciation.
4. Divides the economic life of a business into artificial time periods.
5. Efforts are related to accomplishments.
6. A contra asset account.
7. Recognition of revenue when the performance obligation is satisfied.
8. Revenues recognized but not yet received.

(4 Marks)

PART B

Anna Mardell newly commences her beauty company, Mardell Beauty Co. as at 1 January 2015. The unadjusted Trial Balance prepared by her accounts clerk for the month of January 2015 as shown below.

MARDELL BEAUTY CO.
Unadjusted Trial Balance
As at 1 January 2015

	(RM)	(RM)
Cash	8,200	
Accounts receivable	4,000	
Supplies	2,300	
Prepaid insurance	1,500	
Equipment	11,400	

Continued.....

Accounts payable		5,700
Unearned service revenue		2,100
Owner's capital		15,000
Service revenue		8,900
Salaries and wages expense	3,400	
Rent expense	900	
	31,700	31,700

Other information incurred on 31 January 2015:

1. RM800 of supplies have been used during the month.
2. Utilities expense incurred but not paid on 31 January 2015 amounted RM300.
3. The insurance policy is for 1 year.
4. RM600 of the balance in the unearned service revenue accounts remains unearned at the end of the month.
5. 31 January is a Wednesday, and employees are paid on Fridays. Mardell has two beauty workers, who are paid RM900 per person for 5-day work week.
6. The equipment has a 5-year life with no salvage value. It is being depreciated at RM190 per month for 60 months.
7. Invoices representing RM1,700 of services performed during the month have not been recorded as at 31 January 2015.

Instructions:

(a) Prepare the adjusting entries for the month of January 2015. Show necessary workings. You may omit explanations. (9 Marks)

(b) Prepare the adjusted T-Accounts for Supplies, Accounts Payable, Prepaid Insurance and Unearned Service Revenue. (3 Marks)

(c) Prepare the adjusted Trial Balance as at 31 January 2015. (9 Marks)

(TOTAL 25 MARKS)

Continued.....

QUESTION 3

Moris Company completed their adjusted Trial Balance for the year ended 31 December 2015 as shown below.

MORIS COMPANY
Adjusted Trial Balance
As at 31 December 2015

	Debit (RM)	Credit (RM)
Cash	4,800	
Accounts Receivable	9,600	
Supplies	2,700	
Prepaid Insurance	4,500	
Equipment	27,000	
Accumulated depreciation - Equipment		3,100
Accounts Payable		6,100
Salaries and Wages Payable		2,400
Owner's Capital		28,000
Owner's Drawings	6,950	
Service Revenue		52,450
Supplies Expense	2,400	
Depreciation Expense	3,100	
Insurance Expense	3,500	
Salaries and Wages Expense	27,500	
Totals	92,050	92,050

Instructions:

Based on the above information,

(a) Complete the worksheet by extending the balances to the financial statement columns.

(8.5 Marks)

(b) Prepare the Statement of Comprehensive Income for the year ended 31 December 2015.

(3.5 Marks)

(c) Prepare the Classified Statement of Financial Position as at 31 December 2015.

(4.5 Marks)

(d) Journalize the closing entries as at 31 December 2015.

(5.5 Marks)

Continued.....

(e) Identify the first SIX (6) steps required in the accounting cycle.

(3 Marks)

(TOTAL 25 MARKS)

QUESTION 4

PART A

(a) Cecilia is the new owner of Pretty Pace Company. She has heard about internal control but was unsure on its importance towards her business. Briefly explain to Cecilia the FOUR (4) purposes of internal control and provide one application for each of the purposes to her business.

(4 Marks)

(b) Identify the principles of internal control that are being followed by Melia Company according to the following procedures:

i. Employees who have physical custody of assets do not have access to the accounting records.

ii. Each month, the assets on hand are compared to the accounting records by an internal auditor.

iii. A prenumbered shipping documents is prepared for each shipment of goods to customers.

(3 Marks)

PART B

Chronicle Company provides the following information for the month of May 2015.

1. Ending cash balance per books amounted RM8,340.
2. Ending cash balance per bank amounted RM8,410.
3. Bank charges for the month of May was not recorded by the depositor amounted RM20.
4. Deposit in transit as at 31 May amounted RM1,422.
5. Outstanding checques for the month of May amounted RM652.
6. Bank collected RM850 note for Chronicle in May, plus interest RM25, less fee RM15. The collection has not been recorded by Chronicle, and no interest has been accrued.

Instructions:

(a) Prepare the Bank Reconciliation for the month of May 2015. (5 Marks)

(b) Journalize the adjusting entries as at 31 May 2015 for Chronicle Company. (3 Marks)

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PART C

(a) Identify the effect of below transactions on assets either ***increases***, ***decrease*** or ***not affected***.

	Transactions	**ASSETS**
Example:	***Invested cash to start a business.***	***Increase***
i.	Paid utilities expense on account.	
ii.	Received cash for services provided.	
iii.	Paid office rent for the month on cash.	
iv.	Paid advertising expense on account.	
v.	Withdrew cash for owner's personal use.	
vi.	Obtained a loan from the bank.	

(6 Marks)

(b) The Financial Accounting Standards Board (FASB) has identified the qualitative characteristics of accounting information that distinguish useful information from inferior information for decision making purposes. Differentiate the following qualitative characteristics:

i. Relevance
ii. Reliability
iii. Comparability
iv. Consistency

(4 Marks)

(TOTAL 25 MARKS)

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